American Electric Power
Summer 2003 Preparedness

Presentation to the
Indiana Utility Regulatory Commission

May 1, 2003

AEP Presenters

- **John Sampson**
  - *Indiana State President*
- **John Coffey**
  - *Manager of Michiana Area Distribution Systems*

Peak Demand – 2002

	Date	Hour Ending	Peak Demand (MW)
AEP East System	August 1	1600	**20,402**
I&M	July 22	1300	**4,303**

Summer 2003 Peak
AEP-East System

	Summer 2003 – Projected MW		
	June	July	August
Peak Internal Demand	19,108	19,765	19,569
Buckeye Power Load	1,378	1,408	1,408
Committed Off-system Sales:			
Firm power/Richmond P&L	20	20	20
Long-term power sales	647	647	647
Limited-term power sales	596	596	591
Sum, off-system sales	1,263	1,263	1,258
Total Demand	**21,749**	**22,436**	**22,235**

Summer 2003 Peak
Indiana Michigan Power Company

	Summer 2003 – Projected MW		
	June	July	August
Peak Internal Demand	3,969	3,945	3,890
Committed Off-system Sales:			
Firm power/Richmond P&L	20	20	20
Long-term power sales	129	129	129
Limited-term power sales	120	120	119
Sum, off-system sales	269	269	268
Total Demand	**4,238**	**4,214**	**4,158**

AEP-East Resources to Meet Summer Peak

✓	**INSTALLED CAPABILITY**	**24,653 MW**
a)	Rockport Unit Power sale to Carolina P&L	(250)
b)	OVEC Purchase	951
c)	Summersville Hydro	16
d)	Scheduled Unit outages	(0)
	Net Total Resources	**25,370 MW**
	Net Reserve Margins (2,934 MW)	**13.1%**
	Net w/ Interruptibles (3,892 MW)	**18.1%**

Summer Capacity Available

- ✓ AEP-East generating resources adequate
- ✓ Cook Unit 2 refueling outage (1,060 MW)
  Early May – early June
- ✓ If capacity shortage should occur:
  - Take appropriate action
  - Restore unavailable capacity as soon as practicable
  - Purchase available capacity
  - Interruptible load
  - Emergency Operating Plan (EOP)

AEP-East
Purchase Power Agreements

✓ Total Purchases

- OVEC – 951 MW
- Summersville Hydro – 16 MW

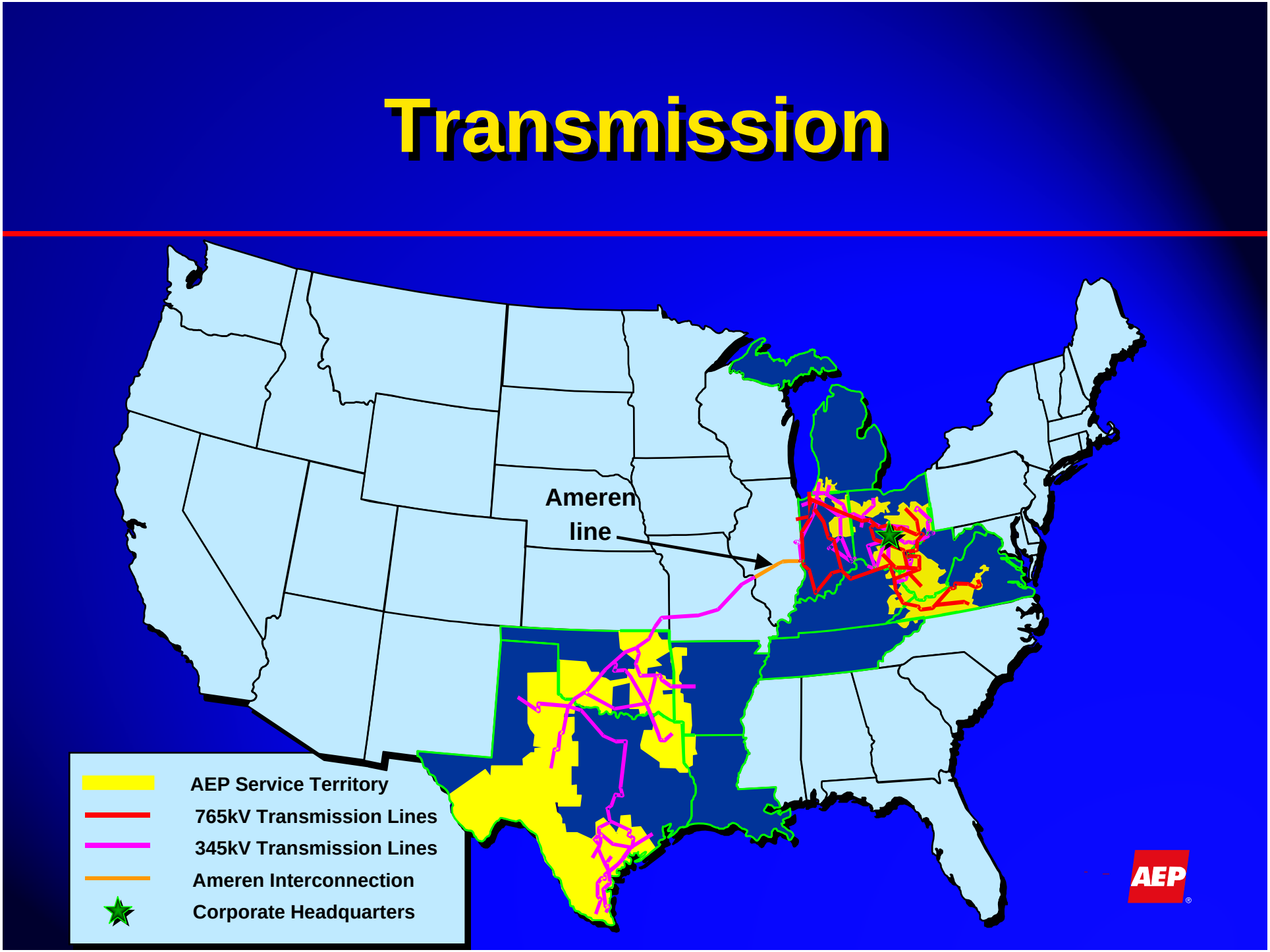
✓ Other purchases as needed

- Could include Indiana merchant plants
- Amounts/types not known at this time

Reducing Peak Demand

- **Time-of-day Tariffs**
  - 3,000 Indiana customers
  - 17,000 Off-peak water heating systems
  - Off-peak demand forgiveness for large commercial/industrial customers
- **Emergency Curtailable Service (ECS)**
- **Price Curtailable Service (PCS)**
- **Interruptible Tariff**
  - 282 MW in AEP-East

Transmission



Michiana Reliability

Previous Communications with the Commission

Met with IURC in May 2002 and OUCC in Oct 2002

- Discussed general reliability issues
- Discussed specific issues in Michiana area
- Committed to an extensive reliability improvement initiative

Our plans have not changed … we have been and will continue to focus on these goals

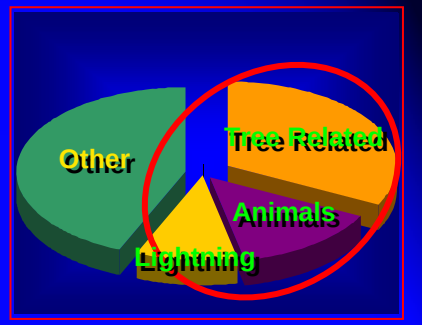
Made progress in areas of

- Outage Causes
- Sectionalizing
- Communication

Overall Reliability Approach

Focused mitigation activities on doing the

RIGHT WORK in the **RIGHT PLACE**

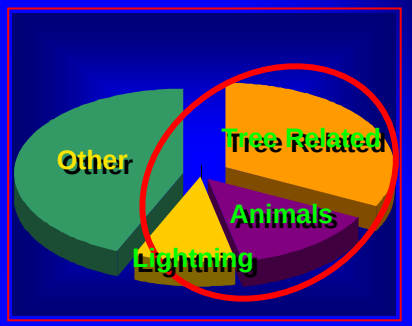


- To minimize the number of outage causes
- To minimize the number of customers outaged by any single cause

Michiana Reliability

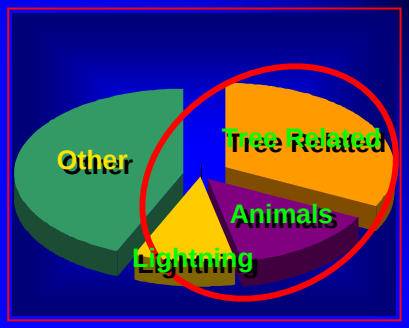
Focused attention on the right areas first

- ✓ Evaluated circuits by performance
- ✓ Determined outage causes
- ✓ Considered customer concerns and system performance
- ✓ Customized mitigation
  - Trees
  - Animals
  - Lightning



Michiana Reliability

Tree Trimming



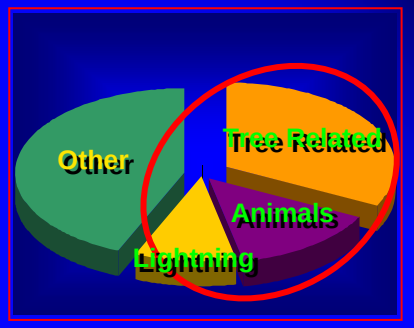
- ✓ Achieved a shift in tree clearing philosophy for Michiana
- ✓ Developed and implemented a reliability plan
  - Aggressive approach
  - Short-term “step change”
  - Maintain new approach going forward
- ✓ Increased resources around tree trimming

Animal Mitigation

Lightning

Michiana Reliability

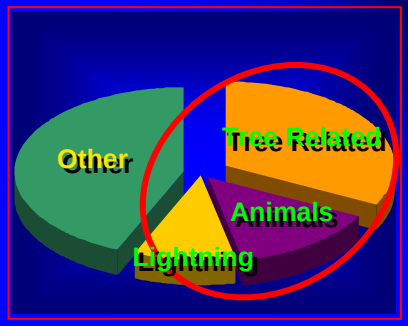
Sectionalizing



- ✓ Fundamental shift in philosophy
- ✓ Break circuits into smaller “sections”
  - To minimize number of customers affected by any single cause
  - To reduce amount of time to find and isolate problems
- ✓ Result – fewer customers impacted in the event of an outage

Michiana Reliability

Communication



- ✓ **Customers**
  - Meet to discuss issues and commit to resolution
  - Provided local contact names/numbers
- ✓ **Media**
  - Meet with editorial boards to discuss ongoing efforts
  - Continue to discuss reliability efforts openly and often
- ✓ **Community Leaders / Regulators**
  - Meet with local leaders to discuss ongoing efforts
  - Provide regulators current information

QUESTIONS